HOUSING MARKET OUTLOOK

Canada

Canada Mortgage and Housing Corporation

www.cmhc.ca

Soft landing for housing starts in 2007 and 2008

Date Released: Third Quarter 2007

Overview

Housing starts:

2007: 220,025

2008: 207,190

Resales:

2007: 514,450

2008: 494,750

Housing starts: Housing starts will not match last year's pace of over 227,000 units, but will decline 3.2 per cent to 220,025 units in 2007. Housing starts will continue to trend lower in 2008 to reach more than 207,190 units.

Resales: Existing home sales through the Multiple Listing Service® (MLS®) will establish a new record with 514,450 sales this year. The previous record was set in 2005 at just over 483,300 sales. MLS® sales will move lower to about 494,700 units in 2008.

Resale prices: Growth in the average MLS® house price will remain strong at 9.9 per cent in 2007. In 2008, as resale markets become more balanced, price growth will moderate to 5.2 per cent.

Provincial SPOTLIGHT

Saskatchewan: A favourable economic outlook combined with higher labour force participation and an improved migration picture will contribute to strong activity in the new housing market. Housing starts will jump from 3,715 units in 2006 to 5,700 units in 2007, a 53 per cent gain, making 2007 the best performance in 24 years. Modest declines are expected in new home construction to 4,900 units in 2008 as some pent-up demand is satisfied and depleted inventories get replenished. The average MLS® price in Saskatchewan will rise by 24.2 per cent and 10.4 per cent in 2007 and 2008, respectively. (Details on Page 10)

Alberta: Despite a softer pace of economic growth, Alberta will remain among the top economic performers through 2008. Escalating mortgage carrying costs will start to inhibit net migration over the next two years. Total housing starts are expected to ease from 48,962 units in 2006 to 47,300 units this year, making 2007 the third best year on record. In 2008 starts will decline to 44,500 units. Following an unprecedented 30.7 per cent gain in 2006, the average MLS® price is expected to climb another 26.1 per cent in 2007 and 9.7 per cent in 2008. (Details on Page 9)

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CMHC Housing Market Outlook Canada is your national sales, marketing, and business planning tool.

Canada

CMHC SCHL

HOME TO CANADIANS

National Housing Outlook

In Detail

Housing starts in 2007 will not match last year's pace of over 227,000 units, but are expected to decline 3.2 per cent to 220,000 units. Some provinces will see housing starts move higher in 2007. Saskatchewan will lead the way, where housing starts will increase by more than 50 per cent in 2007. Manitoba and Quebec will also see an increase in housing starts this year while the remaining provinces will experience a decline. Residential construction will continue the downward trend next year as housing starts decline 5.8 per cent to 207,200 units. Despite the decrease this year and next, 2008 will be the seventh consecutive year in which housing starts exceed the 200,000 unit threshold.

While economic conditions will continue to favour high levels of new home construction, there are several factors that will cause the pace of activity to moderate this year and next. Growth in house prices coupled with expected modest increases in mortgage rates will cause mortgage carrying costs to rise This in turn will dampen housing demand, particularly among first-time buyers, who are more sensitive to the widening gap between the cost of renting and homeownership. Housing starts will move gradually toward levels that are more in line with demographic fundamentals as the pent-up demand created during the 1990s is absorbed.

Another factor contributing to the decrease in the pace of new home construction this year and next is competition from the existing home market, particularly in the central and eastern provinces, where housing markets are more balanced. In Ontario, Quebec, and the Atlantic provinces, an increase in the number of existing homes listed for sale will give home buyers more to choose from and spillover demand from the existing into the new home market will decrease. In Saskatchewan and Manitoba, housing starts will experience strong growth in 2007, however housing starts will decline in Alberta and British Columbia. Despite the declines in Alberta and British Columbia, the level of activity remains very high. In fact, housing starts in Alberta are expected to reach their third highest level on record this year.

Decline in single starts will be more pronounced than for multiples

Single detached starts peaked in 2004 at 129,171 units, reaching their highest level since 1987. Since 2004, single starts have been trending downwards and will continue to do so in 2007 and 2008. Single detached construction activity is forecast to fall 6.3 per cent from 121,313 units in 2006 to about 113,600 units in 2007, and decline an additional 8.4 per cent to just over 104,100 units in 2008.

Starts of single-detached homes will decline in every province across Canada in 2007 except for Saskatchewan and Manitoba. In fact, single-detached starts in Saskatchewan are expected to grow by 49 per cent from 2,689 units in 2006 to 4,000 units in 2007, reaching levels not seen in the province since 1983. Alberta, Nova Scotia, and Ontario will experience the largest decline in single-detached starts dropping by 10.5 per cent, 10.2 per cent, and 10.0 per cent in 2007, respectively. Despite the decline in single-detached starts for Alberta, in 2007 they will reach their second highest level on record.

Multi-family starts will increase slightly in 2007

Starts of multiple units are expected to increase slightly this year and slow in 2008, although to a lesser extent than for single-detached homes. Multi-family starts will increase slightly to 106,375 units in 2007 (up 0.3 per cent) and fall to 103,075 units in 2008 (down 3.1 per cent).

The slower decline in multiple starts reflects a shift in demand toward less expensive homes. This is especially the case in Western Canada, where rising house prices have pushed mortgage carrying costs higher. In fact, British Columbia and the Prairies, where growth in house prices has been strong, will see an increase in multi-family housing starts in 2007, while Ontario and the Atlantic region will see a decline in multi-family starts as growth in house prices moderate.

Across the nation, the largest decreases in multiple starts in 2007 will be in Prince Edward Island (33.6 per cent), New Brunswick (19.2 per cent), and Newfoundland (18.9 per cent). On the other hand, multi-family starts are forecast to increase by 65.7 per cent in Saskatchewan, 25.3 per cent in Manitoba, and 9.8 per cent in Alberta. Multiple starts in Quebec (2.1 per cent) and British Columbia (1.3 per cent) will see modest increases in 2007.

Apartment starts, which account for two-thirds of total multi-family starts, will edge up slightly by 0.1 per cent in 2007 and then dip down 1.8 per cent in 2008. Starts of rowhouses will decline by 4.5 per cent this year and another 4.3 per cent in 2008, while starts of semi-detached houses will increase 7.8 per cent in 2007 and decline 7.7 per cent in 2008.

MLS®[1] sales will set a new record in 2007

Existing home sales as measured by the Multiple Listing service (MLS®), will increase 6.5 per cent to 514,450 units, surpassing the previous record level of 483,344 set in 2005. In 2008, MLS® sales will decrease by 3.8 per cent to 494,750 units reflecting moderating demand due to rising mortgage carrying costs. Despite the decline, MLS® sales in 2008 will be at their second highest level on record.

House price gains will remain strong in 2007

The rate of increase in the average MLS® house price is expected to moderate only slightly to 9.9 per cent in 2007, pushing the average MLS® price to over $304,400 as strong sales in Western Canada continue to put pressure on prices. In 2008, existing home markets will become more balanced and price pressures will begin to ease. The average MLS® price will increase by 5.2 per cent to $320,300 in 2008.

[1]Multiple Listing Service (MLS) is a registered certification mark owned by the Canadian Real Estate Association

Trends Impacting Housing

The Economy

The Canadian economy grew at a faster pace than expected in the first quarter of 2007. Real gross domestic product (GDP) growth increased to an annualized rate of 3.7 per cent in the first quarter, up sharply from 1.5 per cent in the fourth quarter of 2006.

Consumer spending made a significant contribution to economic growth due to robust growth in personal income and employment in 2006 and is expected to continue to bolster the economy into 2008. While interest rates have increased, they remain relatively low and will not put a significant drag on consumer spending. The key challenge for the Canadian economy has been the deterioration in net exports due to the high value of the Canadian dollar and the slowing rate of growth in the US economy. Indeed, export growth in the first quarter of 2007 slowed as foreign and domestic demand for forestry products and industrial goods and materials declined.

Both the service and goods producing sectors grew in the first quarter of 2007. Goods production, which increased at an annualized pace of 3.5 per cent in the first quarter was broadly based. The only goods producing sector that did not increase was manufacturing, which was flat. Output in the services sector expanded by a strong 3.9 per in the first quarter of 2007.

Domestic demand will remain the engine of Canada's economic expansion in 2007 and 2008. Consumer spending should stay vibrant thanks to high employment, income gains and low interest rates. On the downside, lower housing starts and soft net exports will continue to be a drag on economic growth.

Inflationary pressures will remain limited as the Canadian economy is expected to grow at a rate of 2.5 per cent in 2007 and 3.0 per cent in 2008.

Mortgage Rates

Moderate inflation and a strong Canadian dollar vis-à-vis the U.S. dollar, will help keep Canadian bond yields and mortgage rates flat over the remainder of this year.

One, three and five-year posted mortgage rates are forecast to be in the 6.00-7.00, 6.25-7.25, and 6.50-7.50 per cent ranges respectively over the rest of this year and in 2008.

Migration

Net migration (immigration minus emigration) will decrease 2.9 per cent to just over 211,000 people in 2007 and will rebound, increasing by 12.0 per cent to 236,850 net migrants in 2008. Despite the slight decrease in net migration expected in 2007, the level of net migration remains high and will add to housing demand with the majority of newly arrived immigrants initially settling in rental accommodations. An increasing share of migrants will move into home ownership as time passes.

Net migration increased in 2006 due mainly to the higher levels of arrivals in Alberta, British Columbia, and Manitoba. Net interprovincial migration to Alberta, and to a lesser extent to British Columbia and Saskatchewan, will continue to boost demand for both rental and ownership housing in these provinces in 2007 and 2008.

Employment and Income

Employment grew at a strong pace of 1.9 per cent in 2006 and most of the new jobs created were full time positions. A record share of Canadians were employed in 2006, which led the unemployment rate to drift down to 6.3 per cent.

Given that the Canadian economy is close to full employment, the pace of employment growth is expected to slow and stay more in line with the increase in the population. Employment is forecast to grow by 2.1 per cent in 2007 and 1.4 per cent in 2008. The unemployment rate is expected to remain low at about 6.1 per cent in both years.

Tight labour market conditions have led to strong growth in average weekly earnings, particularly in Western Canada. Income and employment growth will ensure the expected decline in demand for new and existing homes next year will be modest.

Trends at a Glance

Key factors and their Effects on Residential Construction

Factor	Comment
Mortgage Rates	Mortgage rates have moved slightly higher. The rise in mortgage rates, combined with higher house prices will increase mortgage carrying costs. This will ease housing demand, particularly for first-time buyers.
Employment	With a record share of Canadians employed, the economy is operating close to full-employment. Thus, job growth will slow to rates that are more in line with population growth. Job creation will continue to stimulate housing demand, but not as much as in the previous years.
Income	Tight labour markets and strong demand for workers will continue to support rising incomes, which will partially offset the negative impact of higher mortgage carrying costs on home ownership demand.
Net Migration	Net migration is expected to remain strong in 2007 and 2008. Ontario, Quebec, and British Columbia will continue to attract the bulk of the international immigrants. However, Alberta will keep on attracting a large number of interprovincial migrants from the rest of Canada.
Natural Population Increase	Because Canada's population is aging, a smaller proportion of people are in their child bearing years and the birth rate is slowing. Rising immigration will slow the aging of the population, but the rate of increase in the natural population (births - deaths) is slowing, which will eventually lessen the demand for additional housing stock in the longer term.
Consumer Confidence	Consumer confidence, as measured by the Conference Board of Canada, remains firm and strong consumer sentiment is expected to prevail throughout the forecast period. Confident consumers will continue to support demand for home ownership.
Resale Market	MLS® sales will hit a new record in 2007. Lower existing home sales combined with a high level of new listings in 2008 will move the resale market toward more balanced territory. As a result, the increase in the average MLS® price will moderate slightly this year and will slow even more next year as the spillover of demand into the new home market becomes less pronounced.
Vacancy Rates	Modest rental construction and increased competition from the condo market will be offset by strong rental demand due to high immigration and a rising gap between the cost of homeownership and renting. As a result, vacancy rates across Canada's metropolitan centres will remain relatively stable, edging higher in 2007 and 2008.

RENOVATION FORECAST: 2007 and 2008

Record levels of existing home sales in recent years, robust housing starts, and the effects of a strong job market have been and will continue to be drivers of strong renovation spending in 2007. In 2008, the rate of increase in renovation spending will moderate due to the rise in mortgage carrying costs along with a decrease in new home construction and resale activity.

Outlook for renovation spending

Renovation spending, which has progressed at a strong pace since 1999, will continue its upward trend at least until 2008. The renovation market will continue to benefit from the strong Canadian economic growth of recent years and the solid performance of the housing market. In particular, a record share of Canadians are employed, which has helped boost income gains, which in turn have given consumers the confidence to go ahead with the major expenditures that the renovations entail. Low mortgage rates, record sales of existing homes, and high levels of housing starts over the last five years have also contributed to the pick-up in renovation activity.

Looking ahead, renovation spending will remain strong, increasing by 9.8 per cent to reach $49.9 billion in 2007. As activity in the resale market begins to slow, growth in renovation spending will ease to 6.8 per cent in 2008 to reach $53.3 billion.

A record share of Canadians are employed

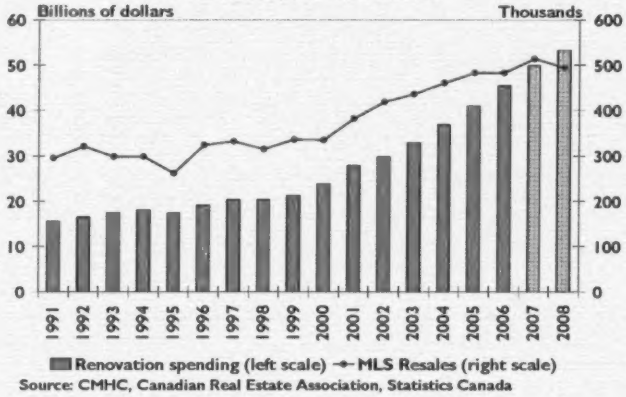
Sources: CMHC, adapted from Statistics Canada (LFS)

Another record level on the resale market in 2007!

Sales of existing homes are one of the principal driving forces behind renovation spending. Generally, households tend to renovate within the first three years following the purchase of an existing home. In 2006, MLS® sales remained almost unchanged at 483,770 transactions compared to the 2005 record sale year.

This year the level of sales of existing homes is expected to surpass the previous record by 30,661 units and break the half-million threshold to 514,450 units. In 2008, existing home sales will decrease by 3.8 per cent to 494,750 units, making it the second highest level on record. The record setting pace of resale activity in recent years and the continued high volume of activity over the forecast period will drive continued strong growth in renovation spending, as many homeowners will undertake repair or improvement home projects.

Renovation vs. resales



Source: CMHC, Canadian Real Estate Association, Statistics Canada

Higher mortgage carrying costs will dampen growth in renovation spending

Rising house prices have increased the amount of equity available to homeowners to borrow against to finance their renovation projects. Tapping into home equity through mortgage refinancing, or secured lines of credit is a common way of financing larger renovation projects. However, many home buyers such as move-up buyers or first-time buyers face potentially higher mortgage carrying costs due to increases in house prices that have outpaced gains in income. These higher mortgage costs, along with the cooling resale market in 2008 will dampen the growth in renovation spending.

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Atlantic: strong resale market will continue to support renovation spending

Housing demand in Atlantic Canada has shifted toward the existing market as rising prices for material and labour boost the cost of new homes. This trend will continue into 2008 as rising prices and interest rates impact the ability of homebuyers to consider a new home versus an existing one. Strength in the existing market will continue to support the renovation outlook for 2007-2008 as homesellers upgrade their home in preparation of listing it for sale and as homebuyers renovate their home after they move in.

Continuing interest in renovation will also be supported by rising energy costs and the fact that the housing stock in Atlantic Canada is generally older and less energy efficient than in other parts of the country. Renovation spending will be supported by solid growth in incomes, however, slower economic growth and higher interest rates will dampen growth in renovation spending compared to recent years.

Quebec: renovation spending to keep growing

Renovation spending will rise again in 2007 and 2008. Many factors will support renovation spending in Quebec. Among them, low interest rates, employment growth and rising salaries will facilitate spending and borrowing, thus encouraging households to renovate. Also, strong resale market activity will boost renovation as many new owners will want to personalize their home. As the resale market will reach another record in number of sales in 2007, the renovation market will also reach a new peak. Spending in renovation will surpass $12 billion this year, showing a strong increase of 9 per cent compared to last year. Next year, existing home sales will decrease slightly, which will result in slower growth in renovation spending (2 per cent). However, this will be the eleventh consecutive annual increase in renovation spending in Quebec.

Ontario: Renovation spending will remain strong

Renovation spending across the province will continue to grow strongly, exceeding 19 billion dollars this year and 20 billion dollars in 2008. Some key factors will contribute to strong renovation spending among households. Rising resale home prices, owing to record resale volumes, and low interest rates will continue to drive home owner equity. Indeed, recent trends indicate that borrowing against home equity for the purpose of renovating a home has ranked highly as a consideration. As homes continue to appreciate in value, Ontario households will remain confident about investing in their homes. Secondly, new home prices have eclipsed the growth in resale home prices, making a new home purchase relatively less economical. This means that Ontario housing starts and the value of new construction will not keep pace with renovation activity as some households will opt to invest in their current homes rather than move.

Prairies: Alberta and Saskatchewan will lead the country in 2007

Home renovation spending across the Prairies is showing no signs of letting up, thanks largely to persistent resale records, hefty gains in home equity, and escalating new house prices. Alberta and Saskatchewan will record the largest gains in renovation spending across the country in 2007, up 24 and 21 per cent, respectively. With existing home sales recently posting impressive gains in both provinces, buyers will be quick to personalize their newly-acquired units. Meanwhile, the record gains in average house prices will provide existing owners the opportunity to tap into the increased equity for renovations. Escalating costs will also add to the dollar volume spent on renovations this year. While the New House Price Index (NHPI) reflects costs for new construction, it can also serve as a proxy for renovation contractor prices as each market competes for residential construction labour and building materials. In both Alberta and Saskatchewan, the NHPI house-only component has climbed by more than 40 per cent in the last 18 months. Gains in renovation spending across the Prairie Provinces will moderate in 2008 as resale markets weaken and owners face higher renovation financing costs. The exception will be in Manitoba, where the housing stock is aging; renovations will continue at a strong pace

BC Renovation Spending to Trend Higher

In 2006, for the third year in a row, renovation spending in British Columbia grew by more than 10 per cent. British Columbians spent $5.8 billion on renovations, repairs and maintenance last year, up from $5.3 billion in 2005. This upward trend in home improvement expenditures will continue through 2008 spurred by high levels of resale activity, rising home and material costs, and trends in home improvement.

A variety of factors support a growing level of renovation spending. Much of the renovation activity planned or underway in the province is tied to people fixing up their homes for sale or personalizing a recently purchased home. MLS® resales are forecast to remain near

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the 100,000 level during this year and next, similar to the record levels achieved during the past two years. The rising cost of new housing will encourage some people to upgrade their current home in lieu of buying, further strengthening the renovation market. Growth in home equity stemming from rising existing home prices, combined with high levels of consumer confidence, will also help fuel the upward trend. The increasing popularity of new fixtures and renovation products, including those designed to increase energy efficiency, will fuel increased spending on alterations and improvements. As a result, renovation spending in BC will reach almost $7 billion in 2008.

Renovation and construction expenditure

		Renovation			Construction		
		2006	2007F	2008F	2006	2007F	2008F
Newfoundland	($ millions)	776	807	819	373	372	366
	(% change)	12.1	4.0	1.5	-5.5	-0.5	-1.5
P.E.I.	($ millions)	159	162	159	110	102	100
	(% change)	10.2	2.2	-2.1	-6.7	-7.9	-1.9
Nova Scotia	($ millions)	1,363	1,452	1,508	777	748	726
	(% change)	11.1	6.5	3.9	1.7	-3.7	-2.9
New Brunswick	($ millions)	1,085	1,162	1,210	515	495	490
	(% change)	11.2	7.1	4.2	0.9	-3.8	-1.1
Quebec	($ millions)	11,366	12,341	12,594	7,471	8,067	8,142
	(% change)	10.8	8.6	2.1	-4.2	8.0	0.9
Ontario	($ millions)	17,905	19,213	20,251	13,999	14,307	14,522
	(% change)	10.6	7.3	5.4	0.3	2.2	1.5
Manitoba	($ millions)	1,357	1,437	1,605	710	873	978
	(% change)	11.3	5.9	11.7	7.6	22.9	12.0
Saskatchewan	($ millions)	1,196	1,450	1,700	533	721	794
	(% change)	11.0	21.2	17.2	12.8	35.3	10.1
Alberta	($ millions)	4,381	5,419	6,470	8,132	9,750	10,754
	(% change)	11.2	23.7	19.4	36.0	19.9	10.3
British Columbia	($ millions)	5,825	6,430	6,964	7,360	8,184	8,822
	(% change)	10.5	10.4	8.3	23.6	11.2	7.8
Canada	($ millions)	45,413	49,873	53,282	39,980	43,619	45,694
	(% change)	10.8	9.8	6.8	9.2	9.1	4.8

Source: Statistics Canada, CMHC forecast 2006 and 2007.

Renovation Expenditure Breakdown
(millions of dollars and annual percentage change)

	2006	2007F	2008F
Alterations & Improvements	33,507	36,499	38,959
%	11.1	8.9	6.7
Repairs	11,906	13,373	14,323
%	9.9	12.3	7.1

Source: Statistics Canada, CMHC forecast 2006 and 2007.

CMHC Renovation Forecast Components

The figures presented in the CMHC forecast include renovation expenditures made by landlords and homeowners.

Alterations and improvements: Major projects leading to an increase in the value of the home, including expansions or modifications and the addition of new equipment.

Repairs: Regular maintenance tasks such as painting, caulking, or replacement of existing equipment.

British Columbia

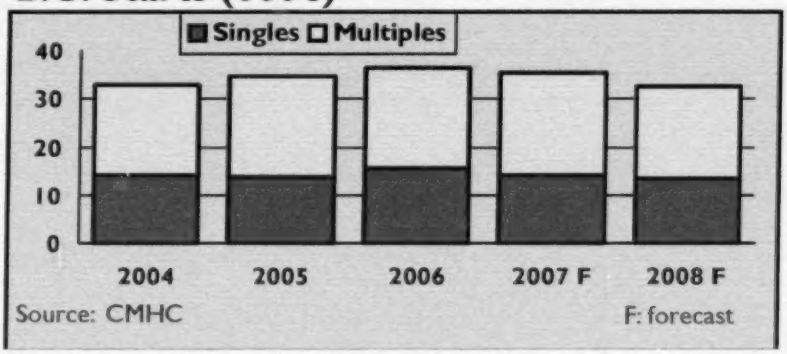
Overview

Consumers Drive Economy and Housing Demand

Income growth, a tight labour market, and high levels of consumer confidence will help to offset the dampening effect of rising mortgage carrying costs on the demand for new and existing homes in British Columbia. As a result housing starts will decline slightly to 35,525 units in 2007 and to 32,500 units in 2008.

Consumer demand for goods and services will drive overall economic growth in the province during the forecast period. Retail sales and housing-related spending continue to trend upward. The trade side of the economy will slow overall economic growth in 2007, to 3.2 per cent from 3.6 per cent last year, reflecting weaker demand from the United States. Global demand for BC commodities, including metals, minerals, pulp, and energy products remains strong. Investment in non-residential construction, including major transportation, mining and energy projects, will bolster provincial economic growth to 3.4 per cent in 2008.

B.C. Starts (000's)



Source: CMHC F: forecast

Increased employment, concentrated in full-time jobs, will increase wages and salaries. In the first quarter of 2007, wages and salaries were 6.9 per cent higher than levels recorded one year ago. The addition of jobs in higher paying sectors such as mining, construction, and professional services will contribute to solid income growth this year and next.

Income growth and a low unemployment rate are two factors contributing to the upward trend in consumer confidence, a key driver of housing sales and housing-related spending.

Looking ahead, population-driven demand for housing will trend higher as more people move to the BC. Migration to Canada's western-most province will result in population growth in excess of the national average. According to the 2006 Census, there were twenty BC municipalities where the population increased by more than 10 per cent compared to the level in 2001.

In Detail

Single Starts: The number of single-detached housing starts will drop slightly to 14,250 in 2007 as fewer homes are started in urban centres, compared to last year. In 2008, the downward trend in single starts will continue with 13,500 homes expected to get underway.

Multiple Starts: Multiple-family starts will reach a 13-year peak of 21,275 units in 2007 and will decline slightly in 2008 to 19,000 units. Apartment condominium starts will continue to dominate this category with very few rental starts projected, despite low rental vacancy rates.

Resales: Potential homebuyers will find more choice in resale markets in 2007 and 2008 as listings increase. However, high and rising home prices could limit choice for first-time and low-equity homebuyers as mortgage rates rise. A surge in activity during the first half of this year will result in 2007 resale activity of 97,250 units on par with last year's level. In 2008 the number of resale transactions will moderate to 92,500 MLS® units as higher mortgage carrying costs dampen demand.

Prices: For three consecutive years, demand for existing homes exceeded the supply of listings, resulting in double-digit price increases since 2004. This year the average MLS® price is projected to increase 11.7 per cent. Price growth will slow in 2008 as increased listings and fewer resales bring supply and demand for existing homes into balance. The average MLS® price will reach $464,000 in 2008, a 6.3 per cent increase from 2007's projected level.

Provincial Highlight

British Columbia recorded the strongest first quarter gain since 1996 in net interprovincial migration. For the second quarter in a row, BC recorded a net inflow of people from Alberta while all other provinces continued to have a net loss of people to Alberta. BC's relatively low unemployment rate and strong job growth make it an attractive destination for job seekers. Equity gains for homeowners in neighbouring Alberta may also be a factor behind the westward move. Total migration, which includes international and interprovincial migrants, will add close to 100,000 people to the province's population in the next two years, boosting housing demand.

Alberta

Overview

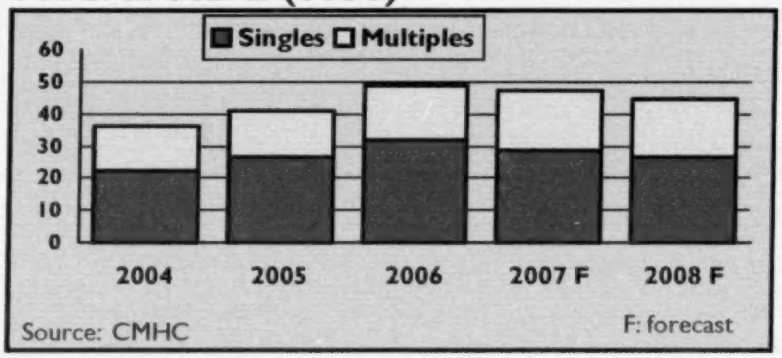
Weaker migration and escalating costs moderate housing demand

While economic growth will cool from the 6.8 per cent surge in 2006, Alberta's position as one of Canada's top economic performers will not be threatened. Elevated crude oil prices will ensure that oil sands development continues at a rapid pace, while a booming commercial and office construction sector will counter modestly weaker housing starts. Domestic demand will also grow reflecting last year's record migration, employment growth, and income gains. Nevertheless, other factors will restrain provincial economic growth. Weaker natural gas prices and escalating development costs are resulting in a sharp decline in drilling activity. Meanwhile, the drop in natural gas prices and escalation of the Canadian dollar will weaken provincial energy royalties, leading to a smaller gain in fiscal spending. Accordingly, GDP growth will moderate to 4.5 and 4.0 per cent in 2007 and 2008, respectively.

Employment opportunities remain abundant in Alberta, yet the province's ability to boost payrolls will deteriorate due to persistent labour shortages. The unemployment rate recently slipped below three per cent, easily a record low for anywhere in the country. Meanwhile, the participation rate continues to set new highs, and is seven percentage points higher than the Canadian average. Such conditions combined with a decline in migration will result in weaker job growth over the next few years. After a 4.8 per cent gain in 2006, the rate of job creation will slip to 4.4 per cent this year before dropping to 1.8 per cent in 2008.

Despite the record low unemployment rate and abundance of job opportunities, Alberta's magnetic draw for migrants is diminishing. After peaking at a record 86,000 net migrants in 2006, net migration will fall to 66,000 people this year and 55,000 in 2008. A drop in interprovincial migration will be to blame, due to the growing disparity in provincial house prices and improved economic performances elsewhere. With lower migration and higher mortgage carrying costs, housing starts will decrease to 47,300 units in 2007 and to 44,500 units in 2008.

Alberta Starts (000's)



Source: CMHC F: forecast

In Detail

Single Starts: After a record 31,835 units in 2006, single-detached starts will fall 10.5 per cent to 28,500 units in 2007 and another seven per cent to 26,600 units in 2008. Weaker net migration, a strong rebound in active resale listings, and rapid escalation in production costs will contribute to the declines. Calgary home builders will experience the sharpest drop in construction, where the New House Price Index has jumped 60 per cent in the last 18 months.

Multiple Starts: Following a 24-year high of 17,127 units in 2006, multi-family construction will climb 9.8 per cent in 2007 to 18,800 units. Entry-level buyers will continue to seek lower priced units, pushing condominium starts to an all-time high. Rental vacancies are at record lows for many markets, though few rental starts are expected as current rents do not justify the heightened construction costs. In 2008, multiple starts will moderate to 17,900 units.

Resales: Existing home sales in Alberta will attain the seventh consecutive record in 2007, reaching 79,250 transactions. Buyers are enjoying a steep increase in listings and have yet to resist the recent run up in prices. Next year, sales will slip more than four per cent to 75,750 units as demand reacts to higher mortgage rates, the escalation in prices, and a decline in net migration.

Prices: Fuelled by record demand, resale price growth in 2007 will surpass 25 per cent for the second consecutive year, reaching $360,000. However, signs point to weaker price growth in the months ahead, including a sharp jump in active listings and subsequent price reductions. This, coupled with weaker demand, will ease some of the price pressure in 2008, resulting in a gain of less than 10 per cent.

Provincial Highlight

With average apartment vacancies below one per cent in Alberta, there has been considerable upward pressure on rental rates. On April 24, 2007, the provincial government announced changes to landlord-tenant legislation to "help stabilize the province's rental markets." Under the new guidelines, landlords can increase rents only once per year for fixed-term and periodic (month-to-month) tenants. Landlords are also required to provide a full year's notice to periodic tenants if they intend to undertake major renovations to a rental unit or convert it to a condominium.

Saskatchewan

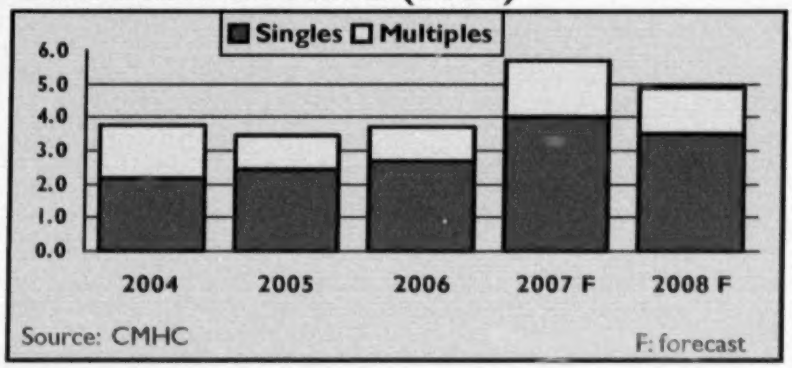
Overview

Strong rebound in economic and employment growth in 2007

After the poorest performance in Canada last year, economic growth in Saskatchewan will rebound significantly with a four per cent gain in 2007 and 3.3 per cent expansion next year. This will place Saskatchewan among provincial economic growth leaders through 2008.

At a mere 0.4 per cent, economic growth stalled in 2006 due to a significant decline in potash and uranium output. With pricing disputes for potash now resolved, an escalation in prices combined with expanded production capacity will boost output considerably. Gains in uranium production have been postponed due to last year's flooding at Cigar Lake, though uranium output will also benefit from a recent price spike. The domestic consumer will also contribute to the economic recovery, thanks to rapidly expanding migration, employment, and income. A strong upward revision to housing starts in 2007 will provide an additional thrust to GDP growth.

Saskatchewan Starts (000's)



The improved economic outlook combined with efforts to maintain and attract residents is contributing to a significant rebound in net migration. Following 22 years of decline, net migration will post impressive gains, adding more than 6,000 people to the province's population by the end of 2008. This will provide a welcome expansion to the labour force, as the province is experiencing a record high participation rate and an unemployment rate nearing four per cent. Accordingly, employment growth is on track for a solid 2.3 per cent gain this year, the strongest rate of job creation since 1979.

The above conditions will push housing starts to 5,700 units in 2007, the highest total in 24 years. Escalating costs will contribute to weaker activity in 2008, though the 4,900 expected starts will represent the second best year since 1986.

In Detail

Single starts: In 2007, single-detached starts will jump an astonishing 49 per cent, the strongest gain among any province in 15 years. Expect 4,000 units to begin construction, the highest total for Saskatchewan since 1986. While economic and demographic conditions point to sustained levels of activity in 2008, escalating production costs and higher mortgage rates will remove some stimulus, resulting in 3,500 units being started.

Multiple Starts: Expect multiple starts to surge 66 per cent in 2007 to 1,700 units before slipping to 1,400 in 2008. This will mark the best two-year performance in the province in 20 years. More than half of all multi-family construction will occur in Saskatoon, where demand is buoyed by empty-nester households.

Resales: Existing home sales will obliterate last year's record thanks to a rebound in net migration and strong investment demand. Sales will jump 31 per cent in 2007, totalling 12,000 transactions. In 2008, sales will slip to 11,200 units, still the second best year on record. Escalating prices and higher mortgage rates will contribute to the decline.

Prices: A shortage of active listings coupled with record demand is contributing to the strongest rate of price growth on record. The average price will climb 24 per cent in 2007, the second highest rate among provinces and nearly double the highest rate of growth ever recorded in Saskatchewan. In 2008, a sharp rebound in listings will provide more choice for buyers and weaken the pace of price growth to 10 per cent.

Provincial Highlight

After persistent losses to Alberta, Saskatchewan is now showing a net gain in migration from that province. During the first quarter of this year, Saskatchewan saw 2,608 people move to Alberta. However, 3,377 people from Alberta moved to Saskatchewan during the same time, representing a net gain of 469 persons. Moreover, after lagging its Alberta counterpart in housing starts for several years, the Saskatchewan side of the Lloydminster Census Agglomeration has now pulled ahead. Through the first half of 2007, there have been 177 housing starts on the Saskatchewan side of Lloydminster compared to 86 on the Alberta side.

Manitoba

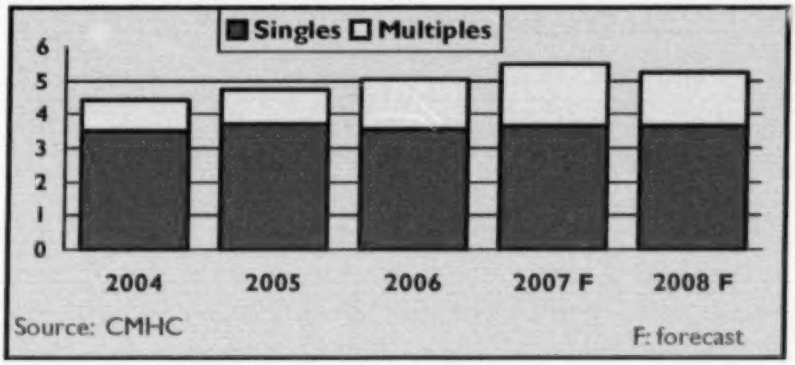
Overview

Housing starts at a 20-year high

A combination of factors will push total housing starts in Manitoba to 5,500 units in 2007, the best performance in 20 years. Housing starts in 2008 will edge lower to 5,250 units. Economic growth will exceed the national average, contributing to a five-year high for job creation. This, in turn, will draw migrants at levels not achieved since 1982.

The Manitoba economy will expand by 2.8 per cent this year, led by a healthy gain in capital investment. A number of major construction projects are in progress, including the $1-billion Wuskwatim hydroelectric generating station, the Red River Floodway expansion, and a new terminal at the Winnipeg Airport. The manufacturing sector, so far resilient to the escalating Canadian dollar, will also drive growth. Transportation shipments, led by the bus and aerospace sectors, are expanding rapidly and will more than compensate for a drop in the food manufacturing sector. In 2008, output will be boosted to 3.0 per cent when new nickel and gold mines ramp up production. Next year will mark the first time on record that Manitoba's economy grew by 2.5 per cent or more for five straight years.

Manitoba Starts (000's)



Though Manitoba's job market continues to experience labour shortages, the expected 1.3 per cent payroll expansion will mark the best performance since 2002. Improved migration will add to the province's labour force, as will further gains to the rate of labour force participation. With the unemployment rate at a record low in 2008, job growth will be limited to only one per cent. Full-time job creation will dominate all employment gains through 2008.

Gains in migration will facilitate the employment expansion over the forecast period. In 2007, net migration is expected to total 6,500 people, followed by another 5,750 next year. This will mark the best two-year total on record. Manitoba's tight labour markets, relatively affordable housing costs, and efforts from government to maintain residents will help curb the loss of migrants to other provinces. Meanwhile, the increasingly successful Provincial Nominee Program will attract among the strongest levels of international migration on record.

In Detail

Single Starts: Manitoba builders are expected to pour 3,650 single-detached foundations this year and next. About half of this activity will take place in Winnipeg, where the new Waverly West development will come on stream. Demand in centres outside of Winnipeg will be due to household growth and from households seeking to build vacation properties. In 2008, single starts will remain at 3,650 units.

Multiple Starts: Following a 44 per cent increase to 1,476 units in 2006, multi-family starts will climb to 1,850 units this year before slipping back to 1,600 in 2008. With persistent double-digit growth in house prices, prospective buyers are looking toward condominiums as a less expensive alternative to a single-detached home. Winnipeg will account for over three-quarters of the provincial activity.

Resales: Total MLS® sales in Manitoba will reach a record 13,800 units this year and maintain that pace in 2008. Positive economic and demographic conditions will translate into ownership demand from first-time and move-up buyers. The majority of this activity will take place in Winnipeg, Brandon, and Portage la Prairie.

Prices: From 2001 to 2006, the average MLS® price in Manitoba increased at an annual compound growth rate of 10 per cent, matching the national average. This pace will continue in 2007 with growth of 11.2 per cent, before moderating slightly to 7.5 per cent next year. The average price is expected to reach $167,000 in 2007 and $179,500 in 2008.

Provincial Highlight

CMHC's latest Renovation and Home Purchase Survey revealed that Winnipeg had the highest share of renovators among markets surveyed, with 42 per cent of homeowners renovating their homes last year. This comes as no surprise considering Winnipeg has the oldest housing stock in Western Canada. More than 106,000 of the City's 275,000 dwellings were constructed before 1960, and 52,000 of them were built before the end of World War II.

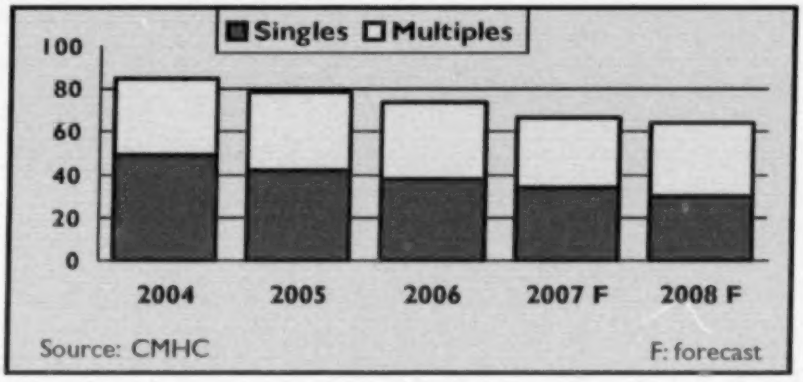
Ontario

Overview

Ontario's existing home sales post new record

A stable economic outlook will help sustain a high level of housing demand in Ontario. Ontario new home construction activity will moderate but remain near historical averages in 2007 and 2008 registering 66,950 home starts this year and 64,500 starts in 2008. Meanwhile, Ontario's existing home market will post record levels of activity and capture a growing share of total home purchases. High new detached home prices, more choice in the resale market and residential land constraints are main contributors to the record pace in resale market activity. Growth in Ontario's economy will range between 2.0 to 2.5 per cent annually this year and next, down from a decade average of 3.5 per cent. While Ontario economic growth will lag behind the Canadian average, the growth gap between Ontario and the west will gradually narrow. Ontario's goods sector has been weighing on growth in recent years due largely to the high Canadian dollar.

Ontario Starts (000's)



However, timelier data on business conditions indicates that manufacturers are adjusting to a high dollar as production and order levels are expected to rise. Still, while job shedding continues in the auto and forestry sectors, owing to the recent appreciation in the Canadian dollar, some displaced workers have been and will continue to be absorbed by a stronger Ontario service sector. Low interest rates, strong consumer confidence and rising incomes will continue supporting consumer spending, domestic demand, and growth across the province.

A narrowing economic growth gap between the west and Central Canada suggests that the net outflow of Ontarians headed west will begin to subside by 2008. This combined with rising immigration should help sustain Ontario population growth, albeit at a lower rate.

In Detail

Single Starts: Demand for higher priced detached homes will cool despite a rapidly growing mid 40s population which prefers low density homes. The decline in detached starts will weigh most on total starts this year and next. Single starts will decrease to 34,475 units this year and 30,000 units in 2008.

Multiple Starts: A healthy pool of first time buyers looking for less expensive homes combined with provincial government efforts to promote higher density construction, suggests condominium apartments will remain in demand. Town homes will also remain popular among those prefering ground oriented homes. Multiple starts will remain relatively stable dropping to 32,475 units this year before rising to 34,500 units in 2008.

Resales: Existing home sales through the Multiple Listing Services® will eclipse record activity registered in 2004, registering 209,500 sales this year and 202,000 sales in 2008. Slightly higher carrying costs in 2008 will pull sales only modestly lower.

Prices: A more balanced resale market, resulting from higher listings, points to slower growth in house prices. However, price growth will be running above inflation due to continued strong demand for homeownership. The average MLS® price in Ontario will rise by 5.3 per cent this year and 3.4 per cent in 2008.

Provincial Highlight

According to CMHC's Renovation and Home Purchase Survey, nearly three quarters of households that bought a home across the 10 major centres surveyed in 2006 opted for an existing home. This finding supports actual trends witnessed in Ontario's resale market in recent years and lends further support to a strong resale market this year and next. The survey also found that more than half of households opted for a single detached home whether new or resale. However, condominiums are also gaining popularity not only among younger age cohorts but also among those aged 65 and over.

Quebec

Overview

Modest, but solid, economic growth to support housing market

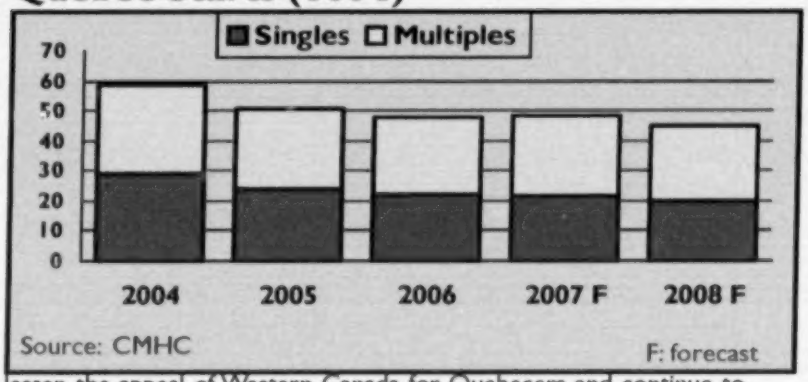
In 2007 and 2008, the Quebec economy will grow at a similar pace as in the last three years, mainly on account of domestic demand. Boosted by job creation, rising salaries and income tax cuts, consumer spending will support the economy. The Quebec public service pay equity settlement will also contribute to an increase in consumer spending on the part of these workers. Private investment and government spending will also help Quebec maintain its momentum. With the loonie continuing to rise, companies will have to invest to stay competitive on the U.S. market. As well, in the last budget, the government announced, among other things, certain investments in health, education and road infrastructure. The only shadow on the horizon comes from the strong Canadian dollar that will cause exports to decline in 2007, for the first time since 2003. GDP growth will reach 1.8 per cent in 2007 and 2.4 per cent in 2008.

From a demographic standpoint, the good labour market conditions will somewhat lessen the appeal of Western Canada for Quebecers and continue to boost international immigration. Older and younger people will also support the housing market. The former will favour the new home market (see box). The latter, who make up the echo generation[1], are more numerous than the members of the previous generation, and the oldest of them are at the age of becoming owners. According to statistics from the 2006 Census, the group aged from 25 to 29 years was 12 per cent more numerous than in 2001. This group should start being active on the resale market.

In short, the economic and demographic factors, while not posting any exceptional gains, are showing modest, but steady, growth. This stability is sufficient to support the housing market. As a result, the volume of starts will remain high, reaching 48,100 units in 2007 and 45,000 units in 2008.

[1] Baby boomers' children born between 1975 and 1995 (according to Statistics Canada)

Quebec Starts (000's)



Source: CMHC F: forecast

In Detail

Single Starts: The downward trend that began in 2005 will continue in 2007 and 2008. In certain areas across Quebec, row homes and condominium apartments are gaining in popularity, to the detriment of single-detached houses. While rising interest rates do not seem to be overly curbing the enthusiasm of buyers, they did prompt consumers to seek more affordable homes. Single starts are therefore expected to reach 21,600 units in 2007 and 20,000 units in 2008.

Multiple Starts: Multi-family housing construction should post renewed growth in 2007, after slowing down for two years, but will then decline again in 2008. The high volume of multiple starts this year will be largely attributable to the construction of retirement homes. Row home building will also contribute to the growth. Multiple starts will rise to 26,500 units in 2007 and fall to 25,000 units in 2008.

Resales: The market will stay active over the next two years. The recent interest rate hikes could prompt some buyers to make their purchases sooner, which will lead to strong growth in 2007. In 2008, demand should weaken somewhat, but the level of sales will still remain high. Sales through the Multiple Listing Service® (MLS®) should therefore reach 79,000 units in 2007 and then 77,500 units next year.

Prices: Given the persistently strong resale market, the average price of homes will continue to climb, with expected increases of 6 per cent in 2007 and 2 per cent next year.

Provincial Highlight

The aging of the population is bringing about new housing needs. These needs are being felt at varying rates in different regions, depending on their demographic profiles (senior population, propensity of seniors to change housing tenures, senior household income, etc.).

These needs could change the housing starts distribution. In fact, more multi-family housing units are being built than before, to the detriment of single-detached houses. This phenomenon is already being observed, not only in the census metropolitan areas, but elsewhere, as well, whether in smaller urban centres or even in rural municipalities.

In Quebec's urban centres, apartments have accounted for more than 50 per cent of housing starts since 2004, while the share of single-detached homes fell below 40 per cent in 2006, for the first time in 20 years. Out of all the apartments built from 2004 to 2006, 19 per cent were intended for seniors. However, since the clients for these units are generally aged 70 years or older, a certain slowdown could soon be observed. In 2010, the people who will be aged from 70 to 80 years will be those who were born during the years that followed the crash of 1929, a period when the birth rate was on the decline. The pool of potential clients will therefore be more limited.

New Brunswick

Overview

Economic Growth Prospects Cool

The province's growth prospects, although good over the medium term are currently being impacted by several economic challenges including the higher Canadian dollar and energy prices as well as a slowdown in growth in the United States.

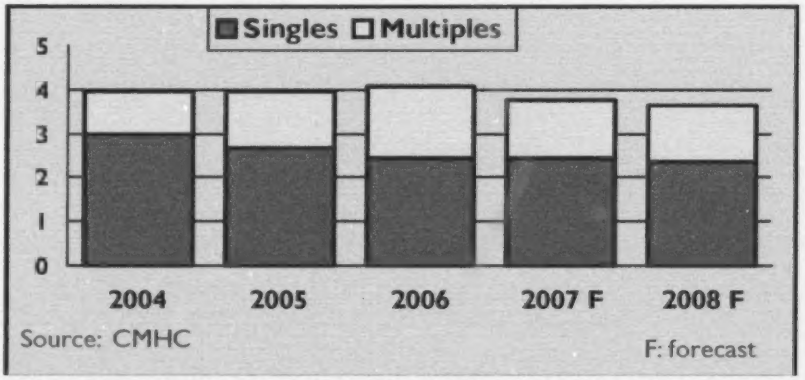
Recently announced mill closures in the forestry sector underly the impact that these economic factors could have in reshaping the whole New Brunswick economy over the next few years.

Construction activity will provide some stimulus to growth in 2007-2008 as a result of the continuation of the LNG terminal and the refurbishment of the Point Lepreau generating station. However, weaker residential investment actvity and the winding up of activity on the Trans-Canada Highway will dampen provincial economic growth in 2007. Economic growth is expected to slow to 2.1 per cent in 2007 before rebounding slightly to 2.4 per cent in 2008.

Job growth got off to a strong start in 2007, but is expected to slow during the rest of the year and into 2008. Nevertheless, the unemployment rate will average 7.7 per cent in both 2007 and 2008, its lowest level in over 30 years.

The positive labour market conditions will help reduce the net outflow of interprovincial migrants in 2007 and 2008. Nevertheless, housing starts in New Brunswick will decrease to 3,750 units in 2007 and to 3,625 units in 2008.

New Brunswick Starts (000's)



In Detail

Single Starts: Single starts in 2007 have maintained the gradual downward trend that started three years ago. Rising interest rates, combined with escalating labour and raw material costs, are pushing a growing number of potential homeowners to the resale market. As a result, expect a modest decline in single starts to 2,425 units in 2007, with a smaller decline also anticipated in 2008 to 2,350 units.

Multiple Starts: The relative strength of residential contstruction overall in the province continues to be bolstered by multiple starts. Following a strong performance in 2006, when multiple starts were at the highest level in almost three decades, results remain positive in 2007, particularly in Moncton and Saint John. Nevertheless, multiple starts are expected to decline to 1,325 units in 2007, with a subsequent decline to 1,275 in 2008.

Resales: The resale market has remained robust so far in 2007 despite gradual increases in mortgage rates. Significant year-over-year increases in sales in the early months of the year continue to show that sales growth is expected to remain positive in 2007. As a result, MLS® sales in 2007 are expected to jump to 7,450, which would be close to 5 per cent above last year's record-setting level of 7,125. In 2008, MLS® sales will decrease to 6,875 units.

Prices: The pace of house price growth in New Brunswick in 2006 slowed compared to 2005 as new listings soared to record levels. As listings are not growing as much in 2007 and unit sales are expected to remain strong, growth in the average MLS® price will accelerate slightly in 2007 to 6.4 per cent. In 2008, as markets become more balanced, growth in the average MLS® price will slow to 3.5 per cent.

Provincial Highlight

The increasing number of New Brunswickers relocating to Western Canada has led to a tightening labour market in the province - in particular for skilled trades people. In turn, this gradually receding labour force in the construction sector is contributing to the escalating cost of new home construction throughout the province. For a growing number of potential homeowners, in particular first time home owners, the traditional bungalow is being replaced by semi-detached units as their first home. While this trend is gaining momentum in various regions of the province, it is particularly strong in the Moncton CMA . Last year, 482 semi-detached starts were recorded in the province. Of that total, 396 or 82 per cent of the units were built in the Greater Moncton area. This increase in the popularity of semi-detached units is likely to continue in 2007 and beyond as accessibility to new single-detached homes lessens due to rising construction costs.

Nova Scotia

Overview

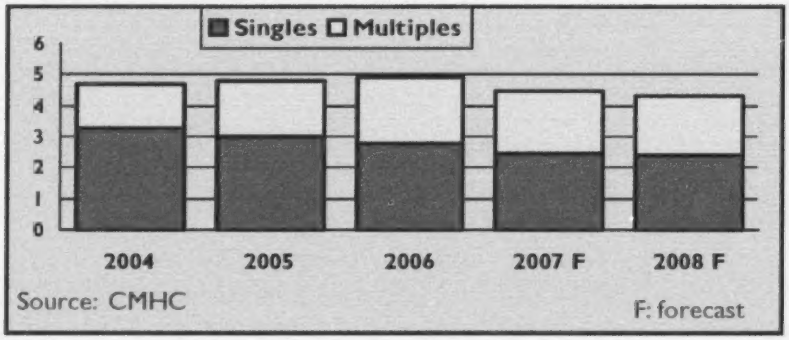
Economic Outlook Remains Positive

The Nova Scotia economy, like the other Atlantic provincial economies, is facing serious challenges to economic growth due to the return of higher energy prices and the strength in the Canadian Dollar in 2007.

In spite of challenges, the overall outlook remains positive. Growth in nonresidential investment activity and ongoing strength in the service sector will offset other less positive influences.

A tightening labour market continues to impose challenges for employers of all sizes in the province due to the continuing out-migration to Western Canada and especially Alberta. The closures at Trenton Works and Moirs in Dartmouth as well as a meat processing plant in the Valley will continue to fuel the movement to other provinces as the province's manufacturing sector continues to face challenges.

Nova Scotia Starts (000's)



The focus for future growth will continue to come from information and knowledge based industries. There are planned expansions by RIM in Bedford and a number of other financial and service related call centres. Defense spending and new ship building projects also will contribute to some near term growth. Growth in the provincial economy will accelerate to 2.1 per cent in 2007 and to 2.3 per cent in 2008, but will remain below the Canadian average.

Slower employment and population growth and higher personal debt levels will constrain housing starts, which will decrease to 4,475 units in 2007 and to 4,300 units in 2008.

In Detail

Single Starts: Single-detached housing starts are forecast to decline to 2,475 units in 2007 and to 2,400 units in 2008. These will be the lowest production levels posted in the past 10 years. Continued growth in development, construction and labour costs exerts upward pressure on new home prices resulting in an ongoing reduction in demand for new single-detached homes. Extensively renovated existing homes will continue as attractive alternatives to newly-built homes.

Multiple Starts: Multiple unit starts will remain elevated this year at 2,000 units as demographic trends and rising construction costs encourage higher density development. Demand for new semi-detached homes will grow and remain strong while row houses are expected to slip this year and rebound a bit in 2008. Growth in apartment units will remain elevated and begin to put upward pressure on vacancy rates as supply exceeds growth in demand. Expect a modest decline in 2008 as multiple unit housing starts slide to 1,900 units.

Resales: Strong employment and wage growth, strong consumer confidence and relatively low mortgage rates have supported strong sales figures in 2007. Homeownership demand will result in MLS® sales rising to 11,025 in 2007 and receding a bit in 2008 to 10,375 sales.

Prices: Annual average MLS® sale price growth is expected to decelerate to approximately five per cent this year and three per cent in 2008.

Provincial Highlight

The story in 2007 has been the sharp increase in MLS® sales in Nova Scotia. Sales are up over ten per cent at the midpoint of 2007 while prices are up only about five per cent. The impetus behind the rising numbers is fourfold. In spite of weak employment growth, a tight labour market has contributed to recent wage growth which has translated into more household income. Wage growth also resulted from an increase in full-time employment as seasonal and part-time workers move to fill demand. Home buyers feel a sense of urgency to take advantage of historically low mortgage rates before they rise anymore. And finally, extensively renovated existing homes are nearly as attractive as new construction. This phenomenon is expected to persist in the near term, but will begin to fade in 2008.

P.E.I.

Overview

PEI Economy Faces Economic Challenges

The Island's economy is expected to continue to grow moderately over the forecast period. The province will benefit from employment gains in the service sector which will be supported by retail sales and personal income growth.

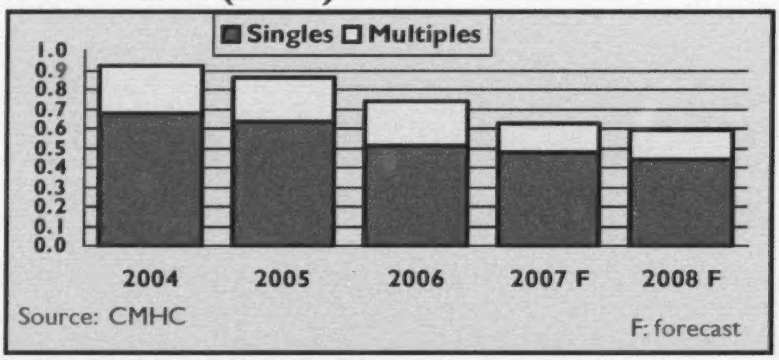
The economy will continue to be challenged by the high Canadian dollar and energy prices. These factors will impact the three most important components of the economy including agriculture, manufacturing, and tourism. As well, the positive outlook for investment in machinery and equipment will be tempered by the expected slowdown in non residential and residential construction activity.

Although the tourism sector is expected to see some growth over the forecast period the recent changes regarding passport requirements as well as high gas prices will limit growth, especially in 2007. As well, market conditions for potatoes have recently become less favorable due to increased inventories.

The rate of employment and labour force growth on the Island is expected to remain positive over the forecast period due to expansion in both the finance and business services sectors. As well, employment in the construction sector should remain healthy in 2007 as numerous large projects remain under construction. The rate of growth is expected to slow in 2008 as the level of investment activity begins to weaken.

Overall, employment is expected to grow by 1.2 per cent in 2007 and 0.5 per cent in 2008. As a result it is expected that economic growth will remain under 2.0 per cent in both 2007 and 2008. Housing starts will decrease to 625 units in 2007 and to 590 units in 2008.

P.E.I. Starts (000's)



In Detail

Single Starts: Recent increases in mortgage rates and higher construction costs in the urban centres will contribute to a decreased level of single starts over the forecast period. As well, increased MLS® listings will further contribute to a decline in single starts as potential buyers opt for the resale market. Expect single starts to drop to 475 and 440 units in 2007 and 2008, respectively.

Multiple Starts: Following five years of strong multiple construction activity in the province, expect multiple starts to slow over the forecast period. Multiple starts will drop to 150 units in both 2007 and 2008.

Resales: The resale market is expected to perform well over the forecast period due to the rising level of new listings and the ever increasing gap between new and existing home prices, which will cause many households to opt for the resale market. Expect MLS® sales to reach a record high level of 1,510 sales in 2007 before slowing to 1,400 units in 2008.

Prices: Price growth will moderate in 2007 due to a rise in new listings. Furthermore, demand for the more expensive homes should weaken due to higher mortgage rates and homeownership costs. Expect the average MLS® price to grow at a slower rate of 3.0 per cent in 2007 and 2.6 per cent in 2008.

Provincial Highlight

A $2.1 million expansion to the Charlottetown airport, was completed in June and has increased the size of the Charlottetown Airport by one-third and added a second incoming baggage handling system.

Over the past six months the renovations added more than 11,000 square-feet of new floor space to the air terminal building and a second incoming baggage handling belt enables the airport to better handle the arrival of simultaneous flights.

The expansion was necessary to accommodate current and future requirements of air traffic at the Charlottetown Airport. In 2006, there were more than 225,000 passengers who traveled through the airport, a significant increase from 158,746 passengers in 2002.

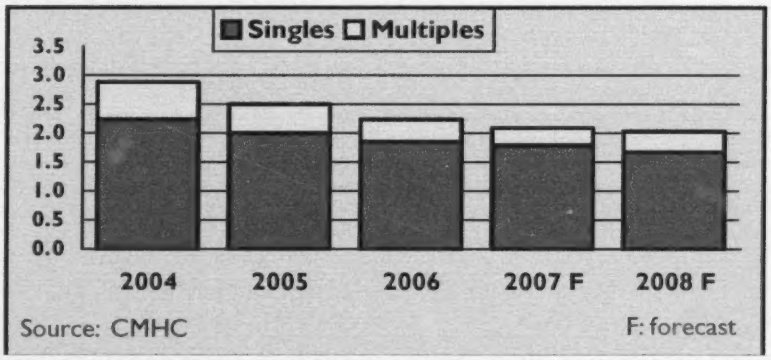
Newfoundland and Labrador

Overview

Sluggish employment growth will constrain housing demand

Economic growth in 2007 will be driven by higher oil and mineral exports. Oil production will surge 30 per cent as output increases at both Terra Nova and White Rose. Mineral production will be positively influenced by increased output at Voisey's Bay and the start-up of the Duck Pond mine. Both Terra Nova and Hibernia are expected to peak in terms of production in 2008-2009, resulting in a pullback in economic growth after 2007. Accordingly, our GDP growth forecast is 7.5 per cent for 2007 and 1.0 per cent for 2008. Higher provincial government expenditures will also provide some economic stimulus over the forecast period. Employment will rise 1.0 per cent in 2007, with a further 0.8 per cent gain expected in 2008. The fishery will continue to be challenged by weak markets, a strong Canadian dollar and higher fuel costs. With personal incomes expected to grow less than last year and interest rates on the rise, expect modest gains in consumer spending. On-going population losses will also impact domestic demand. The lack of mega-project construction will continue to constrain employment growth over the forecast period. The development of power generation, a new refinery and growth in the mining industry present upside risk to the forecast. As a result housing starts will decline to 2,100 units in 2007 followed by a decrease to 2,025 units next year, as higher homeownership and construction costs and lower employment growth dampen housing demand.

Newfoundland and Labrador Starts (000's)



Source: CMHC F: forecast

In Detail

Single Starts: Labour supply shortages, rising construction costs, stiffer competition from the resale market, and higher homeownership costs will all contribute to the current downward trend in single-detached housing starts in 2007 and 2008. On-going population losses and marginal labour market performance will push the singles starts downward this year to 1,800 units in 2007 and to 1,675 units in 2008.

Multiple Starts: Multiple unit construction is forecast to slow this year, decreasing 18.9 per cent to 300 units, with 350 units expected in 2008. Starts of homes with basement apartments, that are considered multiple starts, have slowed, as homeowners opt for less expensive homes without apartments. Smaller households and buoyant local economic activity continue to entice more developers to get involved in the growing condo market in St. John's. As a result, condo starts are forecast to increase. Having peaked recently, demand for new semi-detached homes will remain low this year and next, as buyers opt for a single-detached home.

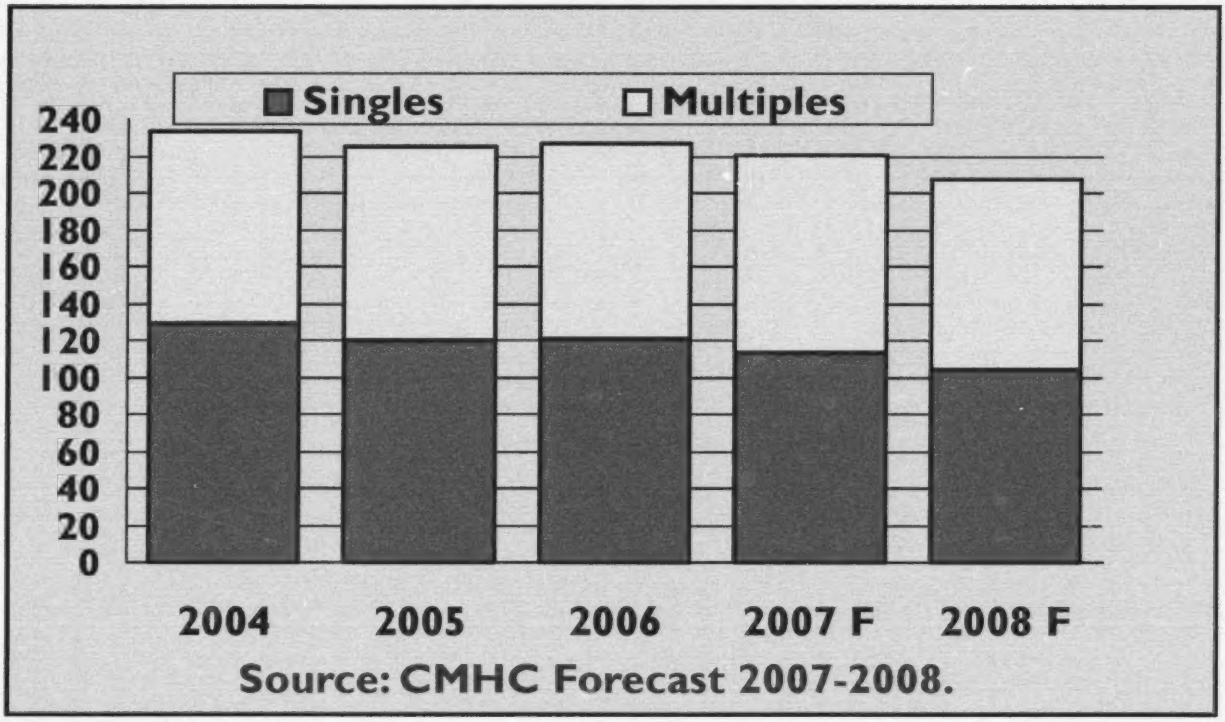
Resales: The large inventory of MLS® active listings has provided more choice in the resale market and this is expected to help sustain increased buying activity this year. Overall, demand will remain high through to the end of 2007 easing somewhat in 2008. Accordingly, provincial MLS® sales are forecast to edge up 3.2 per cent to 3,650 units this year and retreat 8.2 per cent to 3,350 units in 2008.

Prices: Despite surprising sales strength during the latter half of 2006, the surge in the supply of homes for sale has kept the average MLS® house price from rising significantly in 2007. The average MLS® sales price is expected to reach $140,500 this year, an increase of 0.7 per cent. The outlook for 2008 will once again be affected by a higher level in active listings, with the average MLS® price forecast to increase by 1.2 per cent to $142,250.

Provincial Highlight

The recent surge in the inventory of MLS® active listings has impacted the growth in the MLS® resale price for the St. John's region's real estate market. Record sales have been offset by higher levels in the number of active listings. As a result, MLS® prices have remained flat since the end of 2005, despite continued positive net-migration to the city, increased economic activity and growth in employment in the area. Current market trends indicate that this scenario will continue through to the end of 2007 and into 2008. With an average MLS® price of approximately $140,000, the St. John's region is one of the least expensive census metropolitan areas in Canada, especially when compared to other regions across the country that have experienced strong price growth since 2005.

Canada Starts (000's)



Source: CMHC Forecast 2007-2008.

Total Housing Starts
(units and annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	**2,419**	**2,692**	**2,870**	**2,498**	**2,234**	**2,100**	**2,025**
%	35.3	11.3	6.6	-13.0	-10.6	-6.0	-3.6
PEI	**775**	**814**	**919**	**862**	**738**	**625**	**590**
%	14.8	5.0	12.9	-6.2	-14.4	-15.3	-5.6
NS	**4,970**	**5,096**	**4,717**	**4,775**	**4,896**	**4,475**	**4,300**
%	21.5	2.5	-7.4	1.2	2.5	-8.6	-3.9
NB	**3,862**	**4,489**	**3,947**	**3,959**	**4,085**	**3,750**	**3,625**
%	11.6	16.2	-12.1	0.3	3.2	-8.2	-3.3
QUE	**42,452**	**50,289**	**58,448**	**50,910**	**47,877**	**48,100**	**45,000**
%	53.4	18.5	16.2	-12.9	-6.0	0.5	-6.4
ONT	**83,597**	**85,180**	**85,114**	**78,795**	**73,417**	**66,950**	**64,500**
%	14.1	1.9	-0.1	-7.4	-6.8	-8.8	-3.7
MAN	**3,617**	**4,206**	**4,440**	**4,731**	**5,028**	**5,500**	**5,250**
%	22.1	16.3	5.6	6.6	6.3	9.4	-4.5
SASK	**2,963**	**3,315**	**3,781**	**3,437**	**3,715**	**5,700**	**4,900**
%	24.4	11.9	14.1	-9.1	8.1	53.4	-14.0
ALTA	**38,754**	**36,171**	**36,270**	**40,847**	**48,962**	**47,300**	**44,500**
%	32.8	-6.7	0.3	12.6	19.9	-3.4	-5.9
BC	**21,625**	**26,174**	**32,925**	**34,667**	**36,443**	**35,525**	**32,500**
%	25.5	21.0	25.8	5.3	5.1	-2.5	-8.5
Canada	**205,034**	**218,426**	**233,431**	**225,481**	**227,395**	**220,025**	**207,190**
%	26.0	6.5	6.9	-3.4	0.8	-3.2	-5.8

Source: CMHC Forecast 2007-2008.
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts
(units and annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	2,092	2,240	2,229	2,005	1,864	1,800	1,675
%	30.9	7.1	-0.5	-10.0	-7.0	-3.4	-6.9
PEI	582	613	682	634	512	475	440
%	5.6	5.3	11.3	-7.0	-19.2	-7.2	-7.4
NS	3,363	2,968	3,270	3,010	2,757	2,475	2,400
%	21.8	-11.7	10.2	-8.0	-8.4	-10.2	-3.0
NB	2,769	3,139	2,970	2,665	2,445	2,425	2,350
%	7.6	13.4	-5.4	-10.3	-8.3	-0.8	-3.1
QUE	25,257	27,225	28,871	23,930	21,917	21,600	20,000
%	46.9	7.8	6.0	-17.1	-8.4	-1.4	-7.4
ONT	51,114	47,610	48,929	41,682	38,309	34,475	30,000
%	29.0	-6.9	2.8	-14.8	-8.1	-10.0	-13.0
MAN	3,016	3,165	3,484	3,709	3,552	3,650	3,650
%	22.6	4.9	10.1	6.5	-4.2	2.8	0.0
SASK	1,931	2,097	2,193	2,425	2,689	4,000	3,500
%	18.7	8.6	4.6	10.6	10.9	48.8	-12.5
ALTA	24,520	21,918	22,487	26,684	31,835	28,500	26,600
%	24.0	-10.6	2.6	18.7	19.3	-10.5	-6.7
BC	10,730	12,252	14,056	13,719	15,433	14,250	13,500
%	36.5	14.2	14.7	-2.4	12.5	-7.7	-5.3
CAN	125,374	123,227	129,171	120,463	121,313	113,650	104,115
%	30.6	-1.7	4.8	-6.7	0.7	-6.3	-8.4

Source: CMHC Forecast 2007-2008.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	327	452	641	493	370	300	350
%	72.1	38.2	41.8	-23.1	-24.9	-18.9	16.7
PEI	193	201	237	228	226	150	150
%	55.6	4.1	17.9	-3.8	-0.9	-33.6	0.0
NS	1,607	2,128	1,447	1,765	2,139	2,000	1,900
%	20.7	32.4	-32.0	22.0	21.2	-6.5	-5.0
NB	1,093	1,350	977	1,294	1,640	1,325	1,275
%	22.9	23.5	-27.6	32.4	26.7	-19.2	-3.8
QUE	17,195	23,064	29,577	26,980	25,960	26,500	25,000
%	63.9	34.1	28.2	-8.8	-3.8	2.1	-5.7
ONT	32,483	37,570	36,185	37,113	35,108	32,475	34,500
%	-3.5	15.7	-3.7	2.6	-5.4	-7.5	6.2
MAN	601	1,041	956	1,022	1,476	1,850	1,600
%	19.5	73.2	-8.2	6.9	44.4	25.3	-13.5
SASK	1,032	1,218	1,588	1,012	1,026	1,700	1,400
%	36.9	18.0	30.4	-36.3	1.4	65.7	-17.6
ALTA	14,234	14,253	13,783	14,163	17,127	18,800	17,900
	51.3	0.1	-3.3	2.8	20.9	9.8	-4.8
BC	10,895	13,922	18,869	20,948	21,010	21,275	19,000
%	16.3	27.8	35.5	11.0	0.3	1.3	-10.7
CAN	79,660	95,199	104,260	105,018	106,082	106,375	103,075
%	19.4	19.5	9.5	0.7	1.0	0.3	-3.1

Source: CMHC Forecast 2007-2008.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type (Units)

		2002	2003	2004	2005	2006	2007(F)	2008(F)
NF	Semi-detached	36	66	264	151	122	100	150
	Row	42	107	51	31	39	25	25
	Apartment	249	279	326	311	209	175	175
	Total	327	452	641	493	370	300	350
PEI	Semi-detached	64	72	76	111	62	60	60
	Row	47	40	80	75	13	20	20
	Apartment	82	89	81	42	151	70	70
	Total	193	201	237	228	226	150	150
NS	Semi-detached	253	338	266	301	353	375	350
	Row	144	277	186	265	255	150	200
	Apartment	1,210	1,513	995	1,199	1,531	1,475	1,350
	Total	1,607	2,128	1,447	1,765	2,139	2,000	1,900
NB	Semi-detached	186	254	293	391	482	575	525
	Row	68	143	256	203	275	180	175
	Apartment	839	953	428	700	883	570	575
	Total	1,093	1,350	977	1,294	1,640	1,325	1,275
QC	Semi-detached	1,855	2,432	2,932	2,678	2,599	2,600	2,500
	Row	964	773	1,109	1,074	1,343	1,400	1,400
	Apartment	14,376	19,859	25,536	23,228	22,018	22,500	21,100
	Total	17,195	23,064	29,577	26,980	25,960	26,500	25,000
ON	Semi-detached	6,886	6,379	5,172	4,673	4,393	3,900	3,500
	Row	11,849	12,191	12,824	12,537	11,046	11,000	10,500
	Apartment	13,748	19,000	18,189	19,903	19,669	18,600	20,500
	Total	32,483	37,570	36,185	37,113	35,108	33,500	34,500
MAN	Semi-detached	68	88	132	133	178	525	355
	Row	76	62	92	161	158	150	145
	Apartment	457	891	732	728	1,140	1,175	1,100
	Total	601	1,041	956	1,022	1,476	1,850	1,600
SK	Semi-detached	142	95	184	236	123	750	450
	Row	456	594	681	378	423	400	400
	Apartment	434	529	723	398	480	550	550
	Total	1,032	1,218	1,588	1,012	1,026	1,700	1,400
ALB	Semi-detached	2,869	2,567	2,916	3,012	3,807	5,050	4,700
	Row	2,531	2,859	2,401	2,951	2,935	3,000	3,000
	Apartment	8,834	8,827	8,466	8,200	10,385	10,750	10,200
	Total	14,234	14,253	13,783	14,163	17,127	18,800	17,900
B.C.	Semi-detached	1,225	1,353	2,062	1,791	2,239	2,575	1,700
	Row	2,305	3,297	4,387	4,459	4,476	3,700	3,300
	Apartment	7,365	9,272	12,420	14,698	14,295	15,000	14,000
	Total	10,895	13,922	18,869	20,948	21,010	21,275	19,000
CAN	Semi-detached	13,584	13,644	14,297	13,477	14,358	15,485	14,290
	Row	18,482	20,343	22,067	22,134	20,963	20,025	19,165
	Apartment	47,594	61,212	67,896	69,407	70,761	70,865	69,620
	Total	79,660	95,199	104,260	105,018	106,082	106,375	103,075

Source: CMHC Forecast 2007-2008.
* Total does not add due to rounding.

Total Residential Resales
(units and annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	3,014	3,238	3,265	3,211	3,537	3,650	3,350
%	7.3	7.4	0.8	-1.7	10.2	3.2	-8.2
PEI	1,306	1,404	1,500	1,449	1,492	1,510	1,400
%	5.8	7.5	6.8	-3.4	3.0	1.2	-7.3
NS	10,243	9,221	8,887	10,943	10,577	11,025	10,375
%	8.5	-10.0	-3.6	23.1	-3.3	4.2	-5.9
NB	5,089	5,489	5,979	6,836	7,125	7,450	6,875
%	6.5	7.9	8.9	14.3	4.2	4.6	-7.7
QUE	68,161	67,130	69,296	70,649	72,520	79,000	77,500
%	9.3	-1.5	3.2	2.0	2.6	8.9	-1.9
ONT	178,058	184,457	197,353	197,007	194,793	209,500	202,000
%	9.7	3.6	7.0	-0.2	-1.1	7.6	-3.6
MAN	11,108	11,523	12,098	12,761	13,018	13,800	13,800
%	-2.9	3.7	5.0	5.5	2.0	6.0	0.0
SASK	7,933	7,698	8,172	8,312	9,140	12,000	11,200
%	-0.5	-3.0	6.2	1.7	10.0	31.3	-6.7
ALTA	51,042	51,334	57,460	65,866	74,350	79,250	75,750
%	4.2	0.6	11.9	14.6	12.9	6.6	-4.4
BC	82,737	93,095	96,385	106,310	96,671	97,250	92,500
%	19.0	12.5	3.5	10.3	-9.1	0.6	-4.9
CAN**	418,691	434,589	460,395	483,344	483,223	514,450	494,750
%	9.9	3.8	5.9	5.0	0.0	6.5	-3.8

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2007-2008.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Average Residential Resale Price
(dollars and annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	113,081	119,822	131,499	141,167	139,542	140,500	142,250
%	8.3	6.0	9.7	7.4	-1.2	0.7	1.2
PEI	94,964	101,745	110,815	117,237	125,430	129,175	132,500
%	8.3	7.1	8.9	5.8	7.0	3.0	2.6
NS	126,669	136,292	146,033	159,247	169,237	178,475	184,500
%	9.7	7.6	7.1	9.0	6.3	5.5	3.4
NB	100,129	105,858	112,933	120,641	126,864	134,975	139,750
%	4.4	5.7	6.7	6.8	5.2	6.4	3.5
QUE	130,403	151,881	171,099	184,583	194,024	206,000	210,600
%	12.6	16.5	12.7	7.9	5.1	6.2	2.2
ONT	210,901	226,824	245,230	263,042	278,455	293,250	303,250
%	9.1	7.5	8.1	7.3	5.9	5.3	3.4
MAN	96,531	106,788	119,245	133,854	150,229	167,000	179,500
%	3.6	10.6	11.7	12.3	12.2	11.2	7.5
SASK	101,297	104,995	110,824	122,765	132,078	164,000	181,000
%	3.0	3.7	5.6	10.8	7.6	24.2	10.4
ALTA	170,253	182,845	194,769	218,266	285,383	360,000	395,000
%	10.7	7.4	6.5	12.1	30.7	26.1	9.7
BC	238,877	259,968	289,107	332,224	390,963	436,600	464,000
%	7.2	8.8	11.2	14.9	17.7	11.7	6.3
CAN**	188,785	207,162	226,386	249,255	277,020	304,465	320,283
%	9.9	9.7	9.3	10.1	11.1	9.9	5.2

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2007-2008.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Employment (annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	1.7	2.4	1.0	-0.1	0.7	1.0	0.8
PEI	1.7	2.2	1.3	1.9	0.6	1.2	0.5
NS	1.8	2.0	2.6	0.2	-0.3	1.0	0.7
NB	3.9	0.0	2.0	0.1	1.4	0.5	0.5
QUE	3.8	1.7	1.4	1.0	1.3	1.9	1.5
ONT	1.8	3.0	1.7	1.3	1.5	1.4	1.2
MAN	2.3	0.5	1.1	0.6	1.1	1.3	1.0
SASK	1.7	1.7	0.8	0.8	1.7	2.3	1.0
ALTA	2.4	2.7	2.4	1.5	4.8	4.4	1.8
BC	2.3	2.5	2.4	3.3	3.0	3.1	1.9
CAN	2.4	2.4	1.8	1.4	1.9	2.1	1.4

Sources: Statistics Canada, CMHC Forecast 2007-2008
(F) Forecast.

Unemployment Rate (percent)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	16.6	16.5	15.7	15.2	14.8	14.1	13.7
PEI	12.1	11.0	11.2	10.8	11.1	10.4	10.3
NS	9.6	9.1	8.8	8.4	7.9	7.7	7.6
NB	10.2	10.3	9.8	9.7	8.8	7.7	7.7
QUE	8.6	9.1	8.5	8.3	8.0	7.5	7.2
ONT	7.1	6.9	6.8	6.6	6.3	6.4	6.1
MAN	5.1	5.0	5.3	4.8	4.3	4.7	4.5
SASK	5.7	5.6	5.3	5.1	4.7	4.2	4.1
ALTA	5.3	5.1	4.6	3.9	3.4	3.6	3.6
BC	8.5	8.0	7.2	5.9	4.8	4.3	4.4
CAN	7.7	7.6	7.2	6.8	6.3	6.1	6.0

Sources: Statistics Canada, CMHC Forecast 2007-2008.
(F) Forecast.

Real Gross Domestic Product (annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	16.4	6.2	-1.4	0.4	2.8	7.5	1.0
PEI	5.8	1.5	1.8	2.1	2.0	1.8	1.6
NS	4.2	0.9	1.4	1.6	1.1	2.1	2.3
NB	4.4	1.7	2.0	0.3	2.6	2.1	2.4
QUE	2.7	2.1	2.3	2.2	1.7	1.8	2.4
ONT	3.2	1.6	2.7	2.8	1.9	2.0	2.5
MAN	1.9	1.8	2.3	2.7	3.3	2.8	3.0
SASK	-0.2	3.8	3.4	3.1	0.4	4.0	3.3
ALTA	2.5	3.1	4.3	4.6	6.8	4.5	4.0
BC	3.5	2.7	4.0	3.7	3.6	3.2	3.4
CAN	3.1	2.0	2.9	2.9	2.7	2.5	3.0

Sources: Statistics Canada, CMHC Estimate 2006, CMHC Forecast 2007-2008
(F) Forecast.

Total Net Migration* (persons)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	-2,665	-724	-2,407	-4,035	-3,542	-3,450	-2,500
PEI	149	329	-5	155	332	286	250
NS	1,129	1,494	-211	-2,719	-1,572	-900	-650
NB	701	-378	49	-1,836	-2,238	-1,128	-500
QUE	29,454	34,443	34,550	28,039	25,060	27,468	30,500
ONT	137,363	109,871	102,541	95,372	69,589	64,271	96,000
MAN	1,924	3,409	3,988	-2,386	1,603	6,500	5,750
SASK	-6,218	-3,344	-4,467	-8,964	-1,817	4,250	1,800
ALTA	30,270	23,227	32,796	68,098	86,255	66,000	55,000
BC	25,011	35,429	38,646	43,654	44,047	48,102	51,200
CAN**	217,118	203,756	205,480	215,378	217,717	211,399	236,850

Sources: Statistics Canada, CMHC Forecast 2007-2008. (F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate structures of 3 units +	Average rent Two bedroom structures of 3 units
Victoria	2006	2,739	928	3.8	7,500	427,154	0.5	874
	2007(F)	2,445	790	1.5	7,700	450,000	0.8	905
	2008(F)	1,940	820	4.0	7,200	462,000	1.2	940
Vancouver	2006	18,705	5,614	6.9	36,479	509,876	0.7	1045
	2007(F)	19,000	5,200	6.5	36,200	571,000	1.0	1087
	2008(F)	18,500	5,100	5.8	35,800	615,000	1.3	1119
Kelowna	2006	2,692	1,122	n.a.	4,790	349,805	0.6	800
	2007(F)	2,700	1,075	n.a.	5,500	405,000	0.8	835
	2008(F)	2,300	1,000	n.a.	5,000	433,000	1.0	860
Abbotsford	2006	1,207	427	n.a.	3,853	303,959	2.0	719
	2007(F)	1,260	435	n.a.	3,830	350,000	2.3	733
	2008(F)	1,200	420	n.a.	3,800	367,000	2.5	748
Edmonton	2006	14,970	9,064	28.9	21,984	250,915	1.2	808
	2007(F)	14,750	8,250	35.0	25,000	345,000	0.7	950
	2008(F)	13,600	7,600	20.0	23,500	380,000	0.5	1090
Calgary	2006	17,046	10,482	43.6	33,024	346,673	0.5	960
	2007(F)	14,750	8,250	16.0	34,000	425,000	0.6	1075
	2008(F)	14,100	7,850	9.0	32,500	467,500	1.0	1140
Saskatoon	2006	1,496	959	9.1	3,430	160,577	3.2	608
	2007(F)	2,600	1,800	30.0	4,600	225,000	2.8	640
	2008(F)	2,100	1,500	15.0	4,300	250,000	2.4	665
Regina	2006	986	749	8.6	2,953	131,851	3.3	619
	2007(F)	1,200	750	15.0	3,750	152,500	2.6	650
	2008(F)	1,075	700	12.0	3,500	166,000	2.5	675
Winnipeg	2006	2,777	1,737	9.4	11,594	154,607	1.3	709
	2007(F)	3,275	1,775	6.7	12,350	172,000	1.4	760
	2008(F)	3,150	1,800	7.0	12,350	185,000	1.3	800
Thunder Bay	2006	165	157	1.7	1,539	127,464	4.9	696
	2007(F)	230	180	3.0	1,650	133,000	5.7	703
	2008(F)	240	190	4.0	1,700	135,000	6.2	706
Sudbury	2006	477	448	1.7	2,762	150,434	1.2	706
	2007(F)	510	480	3.0	2,900	179,769	0.8	741
	2008(F)	560	490	4.0	2,975	197,746	0.7	778
Windsor	2006	1,045	692	0.0	5,047	164,123	10.4	765
	2007(F)	556	350	-1.2	4,800	162,400	11.2	774
	2008(F)	510	320	0.5	4,650	161,000	9.0	782
London	2006	3,674	2,090	5.2	9,234	190,521	3.6	790
	2007(F)	3,476	1,950	4.0	9,700	204,500	3.8	807
	2008(F)	3,176	1,900	4.0	9,400	213,000	4.1	825
Kitchener	2006	2,599	1,542	4.1	6,115	237,913	3.3	824
	2007(F)	2,350	950	1.8	6,700	249,000	3.5	840
	2008(F)	2,400	1,000	2.0	6,400	257,000	3.2	857
St. Catharines-Niagara	2006	1,294	873	7.0	6,430	194,500	4.3	752
	2007(F)	1,030	630	4.6	6,700	202,300	4.5	766
	2008(F)	900	500	4.6	6,700	208,400	4.5	777
Hamilton	2006	3,043	1,741	5.5	13,059	248,754	4.3	796
	2007(F)	3,360	1,900	5.6	13,450	272,000	4.1	800
	2008(F)	3,510	2,050	5.4	13,560	300,000	3.9	805
Toronto	2006	37,080	14,120	3.8	84,842	352,388	3.2	1067
	2007(F)	34,500	12,500	2.5	90,000	368,500	3.5	1085
	2008(F)	33,500	10,500	2.0	87,000	384,000	3.0	1105

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate Structures of 3 units +	Average rent Two bedroom structures of 3 units
Oshawa	2006	2,995	2,109	n.a.	9,354	258,362	4.1	861
	2007(F)	1,820	1,370	n.a.	9,800	266,000	3.8	868
	2008(F)	2,170	1,600	n.a.	10,000	272,000	3.4	878
Kingston	2006	968	481	n.a.	3,517	212,157	2.1	841
	2007(F)	900	470	n.a.	3,850	222,500	2.3	870
	2008(F)	675	440	n.a.	3,900	229,500	2.4	896
Ottawa	2006	5,875	2,480	3.3	14,003	257,481	2.3	941
	2007(F)	5,750	2,575	3.8	14,600	269,500	2.1	960
	2008(F)	5,625	2,475	3.7	14,500	276,500	1.9	985
Gatineau	2006	2,933	1,171	3.3	4,202	172,527	4.2	667
	2007(F)	3,000	1,000	3.8	4,400	181,000	4.5	675
	2008(F)	2,800	850	3.7	4,300	186,000	4.3	680
Montréal	2006	22,813	7,793	4.0	38,792	236,522	2.7	636
	2007(F)	23,200	7,600	3.5	41,500	251,000	3.2	650
	2008(F)	22,000	7,200	3.0	41,500	264,000	3.5	660
Trois-Rivières	2006	1,017	372	n.a.	877	115,890	1.0	488
	2007(F)	1,000	360	n.a.	840	123,000	1.3	500
	2008(F)	800	325	n.a.	775	128,000	1.8	510
Sherbrooke	2006	1,545	588	n.a.	1,789	164,400	1.2	515
	2007(F)	1,370	570	n.a.	1,860	172,600	1.7	530
	2008(F)	1,300	600	n.a.	1,935	176,800	1.8	540
Québec	2006	5176	2226	5.20	6980	160508	1.50	637
	2007(F)	4800	2075	n.a.	7365	168500	2.00	650
	2008(F)	4300	1925	n.a.	7425	175000	2.30	660
Saguenay	2006	485	271	n.a.	1,232	120,238	4.1	485
	2007(F)	750	280	n.a.	1,300	132,260	4.0	493
	2008(F)	620	295	n.a.	1,225	138,875	4.5	505
Saint John	2006	565	363	3.3	1,852	128,202	6.8	556
	2007(F)	625	375	1.5	1,950	138,500	5.5	570
	2008(F)	550	350	2.0	1,875	142,500	5.5	585
Moncton	2006	1,416	593	3.3	2,561	128,547	5.6	636
	2007(F)	1,240	560	1.5	2,650	138,000	5.9	650
	2008(F)	1,150	525	2.0	2,500	142,750	5.5	665
Halifax	2006	2,511	1,056	4.3	6,228	201,734	3.2	799
	2007(F)	2,400	975	2.5	6,700	213,000	3.5	820
	2008(F)	2,300	925	2.0	6,100	220,000	3.8	840
St. John's	2006	1,534	1,096	3.7	3,537	139,542	4.5	635
	2007(F)	1,300	1,025	3.5	3,600	141,000	5.0	645
	2008(F)	1,300	975	3.0	3,300	143,000	4.8	665
Charlottetown	2006	448	305	2.2	486	144,036	4.4	638
	2007(F)	365	265	3.0	500	155,000	5.0	655
	2008(F)	350	250	3.0	450	158,000	4.8	675
ALL	2006	162,276	73,649	9.7	350,045		2.6	
CENTRES	2007(F)	156,512	66,765	7.0	369,745		2.9	
LISTED ABOVE	2008(F)	148,701	62,475	5.7	360,120		2.9	

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2007-2008
MLS® data for St. Catharines-Niagara is aggregated using total numbers of the area's three real estate boards.
*MLS® numbers reflect all of Durham Region
n.a.: data not available

Major Housing Indicators
(levels and quarterly percent change)

	05:Q3	05:Q4	06:Q1	06:Q2	06:Q3	06:Q4	07:Q1	07:Q2
New Housing								
Building permits, units, thousands	232.7	262.3	223.8	233.2	239.8	236.0	219.5	247.3
% change	*-4.5*	*12.7*	*-14.7*	*4.2*	*2.8*	*-1.6*	*-7.0*	*12.7*
Housing starts, total, thousands	229.6	224.9	244.1	227.8	219.7	222.4	222.1	226.3
% change	*-1.3*	*-2.0*	*8.5*	*-6.7*	*-3.6*	*1.2*	*-0.1*	*1.9*
Housing starts, singles, thousands	116.6	122.4	131.3	121.4	121.1	115.1	116.2	117.8
% change	*-7.2*	*5.0*	*7.3*	*-7.5*	*-0.2*	*-5.0*	*1.0*	*1.4*
Housing starts, multiples,	113	102.5	112.8	106.4	98.6	107.3	105.9	108.5
% change	*5.6*	*-9.3*	*10.0*	*-5.7*	*-7.3*	*8.8*	*-1.3*	*2.5*
Housing completions, total,	58,095	54,406	49,321	51,784	60,015	54,827	46,516	50,517
% change	*12.4*	*-6.3*	*-9.3*	*5.0*	*15.9*	*-8.6*	*-15.2*	*8.6*
New house price index, 1997=100	130.1	132.4	135.4	140.1	145.2	147.2	148.7	151.9
% change	*1.3*	*1.8*	*2.3*	*3.4*	*3.7*	*1.4*	*1.0*	*2.2*
Existing housing								
MLS® resales, units, thousands	502,544	492,708	494,064	484,576	473,144	483,296	517,460	534,448
% change	*3.5*	*-2.0*	*0.3*	*-1.9*	*-2.4*	*2.1*	*7.1*	*3.3*
MLS® average resale price, $C	252,224	258,723	267,543	277,164	278,980	284,402	295,021	304,386
% change	*2.3*	*2.6*	*3.4*	*3.6*	*0.7*	*1.9*	*3.7*	*3.2*
Mortgage market								
1-year mortgage rate, per cent*	4.97	5.55	5.90	6.37	6.47	6.37	6.47	6.83
5-year mortgage rate, per cent*	5.80	6.15	6.40	6.82	6.83	6.60	6.60	7.01
Residential investment**								
Total, $1997 millions	69,080	69,073	71,214	70,385	69,119	69,160	79,382	n.a.
% change	*1.3*	*0.0*	*3.1*	*-1.2*	*-1.8*	*0.1*	*14.8*	*n.a.*
New, $1997 millions	32,964	32,886	34,354	33,790	32,678	32,011	36,185	n.a.
% change	*-0.3*	*-0.2*	*4.5*	*-1.6*	*-3.3*	*-2.0*	*13.0*	*n.a.*
Alterations, $1997 millions	25,848	26,528	27,068	27,180	27,560	28,176	31,084	n.a.
% change	*1.1*	*2.6*	*2.0*	*0.4*	*1.4*	*2.2*	*10.3*	*n.a.*
Transfer costs, $1997 millions	10,348	9,932	10,068	9,800	9,464	9,644	12,492	n.a.
% change	*6.2*	*-4.0*	*1.4*	*-2.7*	*-3.4*	*1.9*	*29.5*	*n.a.*
Deflator, 1997=100	130.7	132.8	134.9	138.1	140.7	142.6	130.5	n.a.
% change	*0.2*	*1.6*	*1.6*	*2.3*	*1.9*	*1.3*	*-8.5*	*n.a.*

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.

n.a. Data not available.

* All indicators are seasonally adjusted and annualized except the New house price index and the Residential Investment deflator which are only seasonally adjusted and Housing completions and the 1-year and 5-year mortgage rates which are not adjusted or

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